

Karl Marx

# Capital Volume One

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## Part VII: The Accumulation of Capital

### Chapter Twenty-Five

### The General Law of

# Capitalist Accumulation



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# The General Law of Capitalist Accumulation

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### Section 3

## Progressive Production of a Relative Surplus-Population or Industrial Reserve Army

The accumulation of capital, though originally appearing as its quantitative extension only, is effected, as we have seen, under a progressive qualitative change in its composition, under a constant increase of its constant, at the expense of its variable constituent. [13]

The specifically capitalist mode of production, the development of the productive power of labour corresponding to it, and the change thence resulting in the organic composition of capital, do not merely keep pace with the advance of accumulation, or with the growth of social wealth. They develop at a much quicker rate, because mere accumulation, the absolute increase of the total social capital, is accompanied by the centralisation of the individual capitals of which that total is made up; and because the change in the technological composition of the additional capital goes hand in hand with a similar change in the technological composition of the original capital. With the advance of accumulation, therefore, the proportion of constant to variable capital changes. If it was originally say 1:1, it now becomes successively 2:1, 3:1, 4:1, 5:1, 7:1, &c., so that, as the capital increases, instead of  $\frac{1}{2}$  of its total value, only  $\frac{1}{3}$ ,  $\frac{1}{4}$ ,  $\frac{1}{5}$ ,  $\frac{1}{6}$ ,  $\frac{1}{8}$ , &c., is transformed into labour-power, and, on the other hand,  $\frac{2}{3}$ ,  $\frac{3}{4}$ ,  $\frac{4}{5}$ ,  $\frac{5}{6}$ ,  $\frac{7}{8}$  into means of production. Since the demand for labour is determined not by the amount of capital as a whole, but by its variable constituent alone, that demand falls progressively with the increase of the total capital, instead of, as previously assumed, rising in proportion to it. It falls relatively to the magnitude of the total capital, and at an accelerated rate, as this magnitude increases. With the growth of the total capital, its variable constituent or the labour incorporated in it, also does increase, but in a constantly diminishing proportion. The intermediate pauses are shortened, in which accumulation works as simple extension of production, on a given technical basis. It is not merely that an accelerated accumulation of total capital, accelerated in a constantly growing progression, is needed to absorb an additional number of labourers, or even, on account of the constant metamorphosis of old capital, to keep employed those already functioning. In its turn, this increasing accumulation and centralisation becomes a source of new changes in the composition of capital, of a more accelerated diminution of its variable, as compared with its constant constituent. This accelerated relative diminution of the variable constituent, that goes along with the accelerated increase of the total capital, and moves more rapidly than this increase, takes the inverse form, at the other pole, of an apparently absolute increase of the labouring population, an increase always moving more rapidly than that of the variable capital or the means of employment. But in fact, it is capitalistic accumulation itself that constantly produces, and produces in the direct ratio of its own energy and extent, a relatively redundant population of labourers, *i.e.*, a population of greater extent than suffices for the average needs of the self-expansion of capital, and therefore a surplus-population.

Considering the social capital in its totality, the movement of its accumulation now causes periodical changes, affecting it more or less as a whole, now distributes its various phases simultaneously over the different spheres of production. In some spheres a change in the composition of capital occurs without increase of its absolute magnitude, as a consequence of simple centralisation; in others the

absolute growth of capital is connected with absolute diminution of its variable constituent, or of the labour-power absorbed by it; in others again, capital continues growing for a time on its given technical basis, and attracts additional labour-power in proportion to its increase, while at other times it undergoes organic change, and lessens its variable constituent; in all spheres, the increase of the variable part of capital, and therefore of the number of labourers employed by it, is always connected with violent fluctuations and transitory production of surplus-population, whether this takes the more striking form of the repulsion of labourers already employed, or the less evident but not less real form of the more difficult absorption of the additional labouring population through the usual channels. [14] With the magnitude of social capital already functioning, and the degree of its increase, with the extension of the scale of production, and the mass of the labourers set in motion, with the development of the productiveness of their labour, with the greater breadth and fulness of all sources of wealth, there is also an extension of the scale on which greater attraction of labourers by capital is accompanied by their greater repulsion; the rapidity of the change in the organic composition of capital, and in its technical form increases, and an increasing number of spheres of production becomes involved in this change, now simultaneously, now alternately. The labouring population therefore produces, along with the accumulation of capital produced by it, the means by which it itself is made relatively superfluous, is turned into a relative surplus-population; and it does this to an always increasing extent. [15] This is a law of population peculiar to the capitalist mode of production; and in fact every special historic mode of production has its own special laws of population, historically valid within its limits and only in so far as man has not interfered with them.

But if a surplus labouring population is a necessary product of accumulation or of the development of wealth on a capitalist basis, this surplus-population becomes, conversely, the lever of capitalistic accumulation, nay, a condition of existence of the capitalist mode of production. It forms a disposable industrial reserve army, that belongs to capital quite as absolutely as if the latter had bred it at its own cost. Independently of the limits of the actual increase of population, it creates, for the changing needs of the self-expansion of capital, a mass of human material always ready for exploitation. With accumulation, and the development of the productiveness of labour that accompanies it, the power of sudden expansion of capital grows also; it grows, not merely because the elasticity of the capital already functioning increases, not merely because the absolute wealth of society expands, of which capital only forms an elastic part, not merely because credit, under every special stimulus, at once places an unusual part of this wealth at the disposal of production in the form of additional capital; it grows, also, because the technical conditions of the process of production themselves — machinery, means of transport, &c. — now admit of the rapidest transformation of masses of surplus-

product into additional means of production. The mass of social wealth, overflowing with the advance of accumulation, and transformable into additional capital, thrusts itself frantically into old branches of production, whose market suddenly expands, or into newly formed branches, such as railways, &c., the need for which grows out of the development of the old ones. In all such cases, there must be the possibility of throwing great masses of men suddenly on the decisive points without injury to the scale of production in other spheres. Overpopulation supplies these masses. The course characteristic of modern industry, *viz.*, a decennial cycle (interrupted by smaller oscillations), of periods of average activity, production at high pressure, crisis and stagnation, depends on the constant formation, the greater or less absorption, and the re-formation of the industrial reserve army or surplus-population. In their turn, the varying phases of the industrial cycle recruit the surplus-population, and become one of the most energetic agents of its reproduction. This peculiar course of modern industry, which occurs in no earlier period of human history, was also impossible in the childhood of capitalist production. The composition of capital changed but very slowly. With its accumulation, therefore, there kept pace, on the whole, a corresponding growth in the demand for labour. Slow as was the advance of accumulation compared with that of more modern times, it found a check in the natural limits of the exploitable labouring population, limits which could only be got rid of by forcible means to be mentioned later. The expansion by fits and starts of the scale of production is the preliminary to its equally sudden contraction; the latter again evokes the former, but the former is impossible without disposable human material, without an increase, in the number of labourers independently of the absolute growth of the population. This increase is effected by the simple process that constantly "sets free" a part of the labourers; by methods which lessen the number of labourers employed in proportion to the increased production. The whole form of the movement of modern industry depends, therefore, upon the constant transformation of a part of the labouring population into unemployed or half-employed hands. The superficiality of Political Economy shows itself in the fact that it looks upon the expansion and contraction of credit, which is a mere symptom of the periodic changes of the industrial cycle, as their cause. As the heavenly bodies, once thrown into a certain definite motion, always repeat this, so is it with social production as soon as it is once thrown into this movement of alternate expansion and contraction. Effects, in their turn, become causes, and the varying accidents of the whole process, which always reproduces its own conditions, take on the form of periodicity. When this periodicity is once consolidated, even Political Economy then sees that the production of a relative surplus-population — *i.e.*, surplus with regard to the average needs of the self-expansion of capital — is a necessary condition of modern industry.

"Suppose," says H. Merivale, formerly Professor of Political Economy at Oxford, subsequently employed in the English Colonial Office, "suppose that, on the occasion of some of these crises, the nation were to rouse itself to the effort of getting rid by emigration of some hundreds of thousands of superfluous arms, what would be the consequence? That, at the first returning demand for labour, there would be a deficiency. However rapid reproduction may be, it takes, at all events, the space of a generation to replace the loss of adult labour. Now, the profits of our manufacturers depend mainly on the power of making use of the prosperous moment when demand is brisk, and thus compensating themselves for the interval during which it is slack. This power is secured to them only by the command of machinery and of manual labour. They must have hands ready by them, they must be able to increase the activity of their operations when required, and to slacken it again, according to the state of the market, or they cannot possibly maintain that pre-eminence in the race of competition on which the wealth of the country is founded." [16] Even Malthus recognises overpopulation as a necessity of modern industry, though, after his narrow fashion, he explains it by the absolute overgrowth of the labouring population, not by their becoming relatively supernumerary. He says: "Prudential habits with regard to marriage, carried to a considerable extent among the labouring class of a country mainly depending upon manufactures and commerce, might injure it.... From the nature of a population, an increase of labourers cannot be brought into market in consequence of a particular demand till after the lapse of 16 or 18 years, and the conversion of revenue into capital, by saving, may take place much more rapidly: a country is always liable to an increase in the quantity of the funds for the maintenance of labour faster than the increase of population." [17] After Political Economy has thus demonstrated the constant production of a relative surplus-population of labourers to be a necessity of capitalistic accumulation, she very aptly, in the guise of an old maid, puts in the mouth of her "beau ideal" of a capitalist the following words addressed to those supernumeraries thrown on the streets by their own creation of additional capital: — "We manufacturers do what we can for you, whilst we are increasing that capital on which you must subsist, and you must do the rest by accommodating your numbers to the means of subsistence." [18]

Capitalist production can by no means content itself with the quantity of disposable labour-power which the natural increase of population yields. It requires for its free play an industrial reserve army independent of these natural limits.

Up to this point it has been assumed that the increase or diminution of the variable capital corresponds rigidly with the increase or diminution of the number of labourers employed.

The number of labourers commanded by capital may remain the same, or even fall, while the variable capital increases. This is the case if the individual labourer yields more labour, and therefore his wages increase, and this although the price of labour remains the same or even falls, only more slowly than the mass of labour rises. Increase of variable capital, in this case, becomes an index of more labour, but not of more labourers employed. It is the absolute interest of every capitalist to press a given quantity of labour out of a smaller, rather than a greater number of labourers, if the cost is about the same. In the latter case, the outlay of constant capital increases in proportion to the mass of labour set in action; in the former that increase is much smaller. The more extended the scale of production, the stronger this motive. Its force increases with the accumulation of capital.

We have seen that the development of the capitalist mode of production and of the productive power of labour — at once the cause and effect of accumulation — enables the capitalist, with the same outlay of variable capital, to set in action more labour by greater exploitation (extensive or intensive) of each individual labour-power. We have further seen that the capitalist buys with the same capital a greater mass of labour-power, as he progressively replaces skilled labourers by less skilled, mature labour-power by immature, male by female, that of adults by that of young persons or children.

On the one hand, therefore, with the progress of accumulation, a larger variable capital sets more labour in action without enlisting more labourers; on the other, a variable capital of the same magnitude sets in action more labour with the same mass of labour-power; and, finally, a greater number of inferior labour-powers by displacement of higher.

The production of a relative surplus-population, or the setting free of labourers, goes on therefore yet more rapidly than the technical revolution of the process of production that accompanies, and is accelerated by, the advance of accumulation; and more rapidly than the corresponding diminution of the variable part of capital as compared with the constant. If the means of production, as they increase in extent and effective power, become to a less extent means of employment of labourers, this state of things is again modified by the fact that in proportion as the productiveness of labour increases, capital increases its supply of labour more quickly than its demand for labourers. The over-work of the employed part of the working-class swells the ranks of the reserve, whilst conversely the greater pressure that the latter by its competition exerts on the former, forces these to submit to overwork and to subjugation under the dictates of capital. The condemnation of one part of the working-class to enforced idleness by the overwork of the other part, and the converse, becomes a means of enriching the individual capitalists, [19] and accelerates at the same time the production of the industrial reserve army on a

scale corresponding with the advance of social accumulation. How important is this element in the formation of the relative surplus-population, is shown by the example of England. Her technical means for saving labour are colossal.

Nevertheless, if to-morrow morning labour generally were reduced to a rational amount, and proportioned to the different sections of the working-class according to age and sex, the working population to hand would be absolutely insufficient for the carrying on of national production on its present scale. The great majority of the labourers now "unproductive" would have to be turned into "productive" ones.

Taking them as a whole, the general movements of wages are exclusively regulated by the expansion and contraction of the industrial reserve army, and these again correspond to the periodic changes of the industrial cycle. They are, therefore, not determined by the variations of the absolute number of the working population, but by the varying proportions in which the working-class is divided into active and reserve army, by the increase or diminution in the relative amount of the surplus-population, by the extent to which it is now absorbed, now set free. For Modern Industry with its decennial cycles and periodic phases, which, moreover, as accumulation advances, are complicated by irregular oscillations following each other more and more quickly, that would indeed be a beautiful law, which pretends to make the action of capital dependent on the absolute variation of the population, instead of regulating the demand and supply of labour by the alternate expansion and contraction of capital, the labour-market now appearing relatively under-full, because capital is expanding, now again over-full, because it is contracting. Yet this is the dogma of the economists. According to them, wages rise in consequence of accumulation of capital. The higher wages stimulate the working population to more rapid multiplication, and this goes on until the labour-market becomes too full, and therefore capital, relatively to the supply of labour, becomes insufficient. Wages fall, and now we have the reverse of the medal. The working population is little by little decimated as the result of the fall in wages, so that capital is again in excess relatively to them, or, as others explain it, falling wages and the corresponding increase in the exploitation of the labourer again accelerates accumulation, whilst, at the same time, the lower wages hold the increase of the working-class in check. Then comes again the time, when the supply of labour is less than the demand, wages rise, and so on. A beautiful mode of motion this for developed capitalist production! Before, in consequence of the rise of wages, any positive increase of the population really fit for work could occur, the time would have been passed again and again, during which the industrial campaign must have been carried through, the battle fought and won.

Between 1849 and 1859, a rise of wages practically insignificant, though accompanied by falling prices of corn, took place in the English agricultural districts. In Wiltshire, *e.g.*, the weekly wages rose from 7s. to 8s.; in Dorsetshire from 7s. or



8s., to 9s., &c. This was the result of an unusual exodus of the agricultural surplus-population caused by the demands of war, the vast extension of railroads, factories, mines, &c. The lower the wages, the higher is the proportion in which ever so insignificant a rise of them expresses itself. If the weekly wage, *e.g.*, is 20s. and it rises to 22s., that is a rise of 10 per cent.; but if it is only 7s. and it rises to 9s., that is a rise of  $28 \frac{4}{7}$  per cent., which sounds very fine. Everywhere the farmers were howling, and the London *Economist*, with reference to these starvation-wages, prattled quite seriously of "a general and substantial advance." [20] What did the farmers do now? Did they wait until, in consequence of this brilliant remuneration, the agricultural labourers had so increased and multiplied that their wages must fall again, as prescribed by the dogmatic economic brain? They introduced more machinery, and in a moment the labourers were redundant again in a proportion satisfactory even to the farmers. There was now "more capital" laid out in agriculture than before, and in a more productive form. With this the demand for labour fell, not only relatively, but absolutely.

The above economic fiction confuses the laws that regulate the general movement of wages, or the ratio between the working-class — *i.e.*, the total labour-power — and the total social capital, with the laws that distribute the working population over the different spheres of production. If, *e.g.*, in consequence of favourable circumstances, accumulation in a particular sphere of production becomes especially active, and profits in it, being greater than the average profits, attract additional capital, of course the demand for labour rises and wages also rise. The higher wages draw a larger part of the working population into the more favoured sphere, until it is glutted with labour-power, and wages at length fall again to their average level or below it, if the pressure is too great. Then, not only does the immigration of labourers into the branch of industry in question cease; it gives place to their emigration. Here the political economist thinks he sees the why and wherefore of an absolute increase of workers accompanying an increase of wages, and of a diminution of wages accompanying an absolute increase of labourers. But he sees really only the local oscillation of the labour-market in a particular sphere of production — he sees only the phenomena accompanying the distribution of the working population into the different spheres of outlay of capital, according to its varying needs.

The industrial reserve army, during the periods of stagnation and average prosperity, weighs down the active labour-army; during the periods of over-production and paroxysm, it holds its pretensions in check. Relative surplus-population is therefore the pivot upon which the law of demand and supply of labour works. It confines the field of action of this law within the limits absolutely convenient to the activity of exploitation and to the domination of capital.

This is the place to return to one of the grand exploits of economic apologetics. It will be remembered that if through the introduction of new, or the extension of old, machinery, a portion of variable capital is transformed into constant, the economic apologist interprets this operation which "fixes" capital and by that very act sets labourers "free," in exactly the opposite way, pretending that it sets free capital for the labourers. Only now can one fully understand the effrontery of these apologists. What are set free are not only the labourers immediately turned out by the machines, but also their future substitutes in the rising generation, and the additional contingent, that with the usual extension of trade on the old basis would be regularly absorbed. They are now all "set free," and every new bit of capital looking out for employment can dispose of them. Whether it attracts them or others, the effect on the general labour demand will be nil, if this capital is just sufficient to take out of the market as many labourers as the machines threw upon it. If it employs a smaller number, that of the supernumeraries increases; if it employs a greater, the general demand for labour only increases to the extent of the excess of the employed over those "set free." The impulse that additional capital, seeking an outlet, would otherwise have given to the general demand for labour, is therefore in every case neutralised to the extent of the labourers thrown out of employment by the machine. That is to say, the mechanism of capitalistic production so manages matters that the absolute increase of capital is accompanied by no corresponding rise in the general demand for labour. And this the apologist calls a compensation for the misery, the sufferings, the possible death of the displaced labourers during the transition period that banishes them into the industrial reserve army! The demand for labour is not identical with increase of capital, nor supply of labour with increase of the working-class. It is not a case of two independent forces working on one another. Les dés sont pipés.

Capital works on both sides at the same time. If its accumulation, on the one hand, increases the demand for labour, it increases on the other the supply of labourers by the "setting free" of them, whilst at the same time the pressure of the unemployed compels those that are employed to furnish more labour, and therefore makes the supply of labour, to a certain extent, independent of the supply of labourers. The action of the law of supply and demand of labour on this basis completes the despotism of capital. As soon, therefore, as the labourers learn the secret, how it comes to pass that in the same measure as they work more, as they produce more wealth for others, and as the productive power of their labour increases, so in the same measure even their function as a means of the self-expansion of capital becomes more and more precarious for them; as soon as they discover that the degree of intensity of the competition among themselves depends wholly on the pressure of the relative surplus-population; as soon as, by Trades' Unions, &c., they try to organise a regular co-operation between employed and unemployed in order to destroy or to weaken the ruinous effects of this natural law

of capitalistic production on their class, so soon capital and its sycophant, Political Economy, cry out at the infringement of the "eternal" and so to say "sacred" law of supply and demand. Every combination of employed and unemployed disturbs the "harmonious" action of this law. But, on the other hand, as soon as (in the colonies, *e.g.*) adverse circumstances prevent the creation of an industrial reserve army and, with it, the absolute dependence of the working-class upon the capitalist class, capital, along with its commonplace Sancho Panza, rebels against the "sacred" law of supply and demand, and tries to check its inconvenient action by forcible means and State interference.

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**Course: Marx's Capital, Volume 1**

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